

Proposed Modification to the District of Columbia Consolidated Action, FY 2004 Action Plan

The Department of Housing & Community Development (DHCD) and the Deputy Mayor for Planning & Economic Development (DMPED) propose to modify the Fiscal Year 2004 Action Plan ("Action Plan") of the Consolidated Plan for the District of Columbia ("Consolidated Plan") by adding a Substantial Amendment to the Action Plan.

The purpose of the Substantial Amendment is to highlight to citizens the District's plans to finance the redevelopment of the Skyland shopping center. The District plans to use a federal loan guarantee program, called Section 108, to achieve the lowest possible borrowing costs for Skyland.

All details about the proposed project, financing, benefits and risks are described in great detail in the District's draft Skyland Section 108 application, available at dhcd.dc.gov. The Proposed Modification, Skyland 108 Loan Guarantee Application, and all supporting documents are also available at the locations described in the Citizen Participation Plan section on page 2. For questions or comments, please contact the appropriate District officials listed in the contact information section.

This Proposed Modification is organized as follows:

1. Legal Authority
2. Proposed Modification to the Consolidated Plan Action Plan
3. The Financing Vehicle: Section 108 Loan Guarantee
4. Citizen Participation Plan
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1. Legal Authority

The District, acting by and through DHCD, the designated District recipient of CDBG Funds for housing and community development activities, as prescribed in D.C. Official Code § 6-1002 (2001 ed.), Reorganization Plan No. 3 for the District of Columbia, found at 21 DCR 2793; Effective July 3, 1975, effective, and Title 1 of the Housing and Community Development Act of 1974, as amended, proposes a modification to the Action Plan and Consolidated Plan.

2. Proposed Modification to the Consolidated Plan Action Plan

The District plans to borrow \$27.97 million under the HUD Section 108 Loan Guarantee Program to provide interim financing for the redevelopment of a major retail shopping center known as Skyland. The redeveloped Skyland will be located in the Hillcrest neighborhood of Southeast Washington DC. The District plans to repay the Section 108 debt obligations using proceeds from the sale of the Government Printing Office (GPO) building.

The draft Proposed Modification of the Action Plan is to add the following text to the Action Plan, under DHCD Programs, Section 108 Loan Guarantee Program, page 69:

In FY 2004, the District Government will submit an Application to HUD requesting a \$27.97 million loan guarantee to assist the financing of site acquisition and preparation at the Skyland site. The site acquisition and preparation at the Skyland site is complex and would not be undertaken by private market developers. The National Capital Revitalization Corporation (NCRC) is a quasi-public instrumentality of

the District. NCRC will receive a loan of the \$24.9 million of available Section 108 loan proceeds for the Skyland site acquisition and preparation activities.

The District proposes to repay the loan through the disposition of District-controlled land. The parcel that the District plans to dispose is under contract to sell for more than the proposed Section 108 borrowing amount. The District will pledge its future federal Community Development Block Grant (CDBG) funds for repayment over the 20-year loan. If land disposition proceeds do not suffice to service the full debt payments, CDBG dollars may be used to make up the difference.

3. The Financing Vehicle: Section 108 Loan Guarantee

The Section 108 Loan Guarantee Program enables cities and towns to lower their cost of long-term financing significantly by pledging future Community Development Block Grant (CDBG) allocations as security for the loan. The federal Department of Housing and Urban Development (HUD) administers the Section 108 program. Interest rates on Section 108 loans are low because HUD guarantees the repayment of the loans.

All jurisdictions that use the Section 108 Loan Guarantee Program are required to pledge their present and future CDBG funds as security. Some jurisdictions choose to repay the Section 108 Loan Guarantee amounts using CDBG funds. Other jurisdictions choose to repay the Section 108 Loan Guarantee amounts through other sources. The District does not plan to repay this Section 108 borrowing with CDBG funds. The District plans to repay the Section 108 borrowing with other funds.

4. Citizen Participation Plan

DHCD and DMPED encourage and will facilitate citizen participation throughout the public input process. DHCD and DMPED will follow all other requirements of DHCD's Citizen Participation Plan. DHCD and DMPED staff will conduct two public hearings before submitting the Section 108 Loan Guarantee application to HUD. During the hearing process, DHCD and DMPED may amend the Proposed Modification or the Section 108 Application to reflect community input.

DHCD and DMPED are committed to providing access to all citizens who want to participate in the hearings. DHCD will notify more than 1500 individuals and organizations by mail of the Skyland project, its proposed financing and the Proposed Modification. Copies of the Proposed Modification, the Section 108 Loan Guarantee Application, and related exhibits will be available at area libraries, the Advisory Neighborhood Commissions, and at local community development corporations and community-based organizations. DHCD's full Citizen Participation Plan is available at dhcd.dc.gov in the Publications section.¹

After the second public hearing, the Mayor will transmit the Proposed Modification and an approval resolution to the Council. Once in the Council, this legislation will be referred to the Committee on Economic Development. The Committee will hold a public hearing and vote on the Substantial Amendment. The amendment to the Consolidated Plan becomes officially adopted if the Council enacts the approval resolution.

¹ <http://dhcd.dc.gov/dhcd/frames.asp?doc=/dhcd/LIB/dhcd/info/pdf/CPAP043.pdf>.

5. Compliance with Federal Requirements

The proposed use of Section 108 Loan Guarantee assistance by the District will comply with federal requirements. For a more detailed discussion, see the draft Skyland Section 108 Loan Guarantee application. There are three types of federal requirements:

1. The uses of Section 108 must comply with the District's Action Plan. The Action Plan states the District's intent to use Section 108 to finance large economic development projects. This Proposed Modification offers additional detail.
2. The uses of Section 108 must meet national objectives for the CDBG program. The use of the Section 108 for the proposed purposes will comply with national objective 24 CFR 570.200(a)(2). The use of proceeds will comply with this national objective by the application of 24 CFR 570.208 (1)(i) - Area benefit activities.
3. The uses of Section 108 must meet eligibility standards. The Skyland redevelopment is an eligible activity under 24 CFR 507.203(a) which includes the "the acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients." NCRC will carry out the activities funded by the Section 108 assistance.

6. Contact Information

All inquiries will be routed to appropriate staff at DHCD and DMPED. For the purposes of this application, please direct your comments and questions to:

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